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Attorneys for Applicant Oak Creek  
Water Company No. 1

**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE APPLICATION  
OF OAK CREEK WATER COMPANY  
NO. 1, FOR APPROVAL OF AN OFF-SITE  
FACILITIES HOOK-UP FEE TARIFF

DOCKET NO. W-01392A-09-0272

**NOTICE OF COMPLIANCE**

Pursuant to Decision No. 71252 (September 3, 2009) ("Order"), Oak Creek Water Company No. 1 ("Oak Creek") hereby files this Notice of Compliance in the above-referenced docket. The Order requires Oak Creek to file an amended hook-up fee tariff along with the approved hook-up fee amounts as a compliance item in this matter within sixty (60) days of the effective date of this Decision. A copy of the tariff is attached hereto as **Exhibit 1**.

DATED this 21<sup>st</sup> day of October, 2009.

FENNEMORE CRAIG, P.C.

Arizona Corporation Commission

**DOCKETED**

OCT 21 2009

DOCKETED BY

By

Patrick J. Black  
3003 North Central Avenue, Suite 2600  
Phoenix, Arizona 85012

1 **ORIGINAL** and 13 copies filed this  
2 26<sup>th</sup> day of October, 2009 with:

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 West Washington Street  
6 Phoenix, Arizona 85007

7 **COPY** hand-delivered  
8 this 26<sup>th</sup> day of October, 2009 to:

9 Janice Alward, Chief Counsel  
10 Legal Division  
11 Arizona Corporation Commission  
12 1200 West Washington  
13 Phoenix, Arizona 85007

14 Steven M. Olea, Director  
15 Utilities Division  
16 Arizona Corporation Commission  
17 1200 West Washington  
18 Phoenix, Arizona 85007

19 Compliance Division  
20 Arizona Corporation Commission  
21 1200 West Washington  
22 Phoenix, Arizona 85007

23 **COPY** mailed  
24 this 26<sup>th</sup> day of October, 2009 to:

25 Mr. Dick Sitts  
26 General Manager  
Oak Creek Water Company No. 1  
90 Oak Creek Boulevard  
Sedona, AZ 86336

By: Maria San Jose  
2247319/27575.001

# **Exhibit 1**

Oak Creek Water Company No. 1		Revised	SHEET NO	1
(Name of Company)				
	(Name of Service Area)			

## **OFF SITE HOOK-UP FEE TARIFF (WATER)**

### **I. Purpose and Applicability.**

The purpose of the off-site hook-up fees payable to Oak Creek Water Company No. 1 ("the Company") pursuant to this tariff is to equitably apportion the costs of constructing additional off-site facilities to provide water production, delivery, storage and pressure among all new service connections. These charges are applicable to all new service connections established after the effective date of this tariff. The charges are one-time charges and are payable as a condition to Company's establishment of service, as more particularly provided below.

### **II. Definitions.**

Unless the context otherwise requires, the definitions set forth in R-14-2-401 of the Arizona Corporation Commission's ("Commission") rules and regulations governing water utilities shall apply interpreting this tariff schedule.

"Applicant" means any party entering into an agreement with Company for the installation of water facilities to serve new service connections, and may include Developers and/or Builder of new residential subdivisions.

"Company" means Oak Creek Water Company No. 1.

"Main Extension Agreement" means any agreement whereby an Applicant, Developer and/or Builder agrees to advance the costs of the installation of water facilities to the Company to serve new service connections, or install water facilities to serve new service connections and transfer ownership of such water facilities to the Company, which agreement shall require the approval of the Commission pursuant to A.A.C. R-14-2-406, and shall have the same meaning as "Water Facilities Agreement" or "Line Extension Agreement."

"Off-site Facilities" means wells, storage tanks and related appurtenances necessary for proper operation, including engineering and design costs. Offsite facilities may also include booster pumps, pressure tanks, transmission mains and related appurtenances necessary for proper operation if these facilities are not for the exclusive use of the applicant and will benefit the entire water system.

ISSUED:			EFFECTIVE:		
Month	Day	Year	Month	Day	Year
		ISSUED BY: Kristin Wakeman, Business Manager Oak Creek Water Company No. 1			
		90 Oak Creek Boulevard Sedona, Arizona 86336			
		Decision No. 71252			September 2, 2009

Oak Creek Water Company No. 1		Revised	SHEET NO	2
(Name of Company)				
	(Name of Service Area)			

"Service Connection" means and includes all service connections for single-family residential or other uses, regardless of meter size.

### III. Off-Site Hook-Up Fee.

For each new service connection, the Company shall collect an off-site hook-up fee derived from the following table:

OFF-SITE WATER HOOK-UP FEE TABLE		
Meter Size	Size Factor	Total Fee (\$)
5/8" x 3/4"	1	1,600
3/4"	1.5	2,400
1"	2.5	4,000
1-1/2"	5	8,000
2"	8	12,800
3"	16	25,600
4"	25	40,000
6" or larger	50	80,000

### IV. Terms and Conditions.

(A) **Assessment of One Time Off-Site Hook-up Fee:** The off-site hook-up fee may be assessed only once per parcel, service connection, or lot within a subdivision (similar to meter and service line installation charge).

(B) **Use of Off-Site Hook-up Fee:** Off-site hook-up fees may only be used to pay for capital items of off-site facilities, or for repayment of loans obtained for installation of off-site facilities. Off-site hook-up fees shall not be used for repairs, maintenance, or operational purposes.

(C) **Time of Payment:**

- 1) In the event that the person or entity that will be constructing improvements ("Applicant", "Developer" or "Builder") is required to enter into a Main Extension Agreement, whereby the Applicant, Developer or Builder agrees to advance the costs of installing mains, valves, fittings, hydrants and other on-site improvements in order to extend service in accordance with R-14-2-

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Oak Creek Water Company No. 1		Revised	SHEET NO	3
(Name of Company)				
	(Name of Service Area)			

406(B), payment of the fees required hereunder shall be made by the Applicant, Developer or Builder no later than within 15 calendar days after receipt of notification from the Company that the Utilities Division of the Arizona Corporation Commission has approved the Main Extension Agreement in accordance with R-14-2-406(M).

- 2) In the event that the Applicant, Developer or Builder for service is not required to enter into a Main Extension Agreement, the charges hereunder shall be due and payable at the time the meter and service line installation fee is due and payable.

(D) Off-Site Facilities Construction By Developer: Company and Applicant, Developer, or Builder may agree to construction of off-site facilities necessary to serve a particular development by Applicant, Developer or Builder, which facilities are then conveyed to Company. In that event, Company shall credit the total cost of such off-site facilities as an offset to off-site hook-up fees due under this Tariff. If the total cost of the off-site facilities constructed by Applicant, Developer or Builder and conveyed to Company is less than the applicable off-site hook-up fees under this Tariff, Applicant, Developer or Builder shall pay the remaining amount of off-site hook-up fees owed hereunder. If the total cost of the off-site facilities contributed by Applicant, Developer or Builder and conveyed to Company is more than the applicable off-site hook-up fees under this Tariff, Applicant, Developer or Builder shall be refunded the difference upon acceptance of the off-site facilities by the Company.

(E) Failure to Pay Charges; Delinquent Payments: The Company will not be obligated to provide water service to any Developer, Builder or other applicant for service in the event that the Developer, Builder or other applicant for service has not paid in full all charges hereunder. Under no circumstances will the Company set a meter or otherwise allow service to be established if the entire amount of any payment has not been paid.

(F) Large Subdivision Projects: In the event that the Developer or Builder is engaged in the development of a residential subdivision containing more than 150 lots, the Company may, in its discretion, agree to payment of off-site hook-up fees in installments. Such installments may be based on the residential subdivision development's phasing, and should attempt to equitably apportion the payment of charges hereunder based on the Developer's or Builder's construction schedule and water service requirements.

(G) Off-Site Hook-Up Fees Non-refundable: The amounts collected by the Company pursuant to the off-site hook-up fee tariff shall be non-refundable contributions in aid of construction.

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Oak Creek Water Company No. 1		Revised	SHEET NO	4
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(H) Use of Off-Site Hook-Up Fees Received: All funds collected by the Company as off-site hook-up fees shall be deposited into a separate interest bearing trust account and used solely for the purposes of paying for the costs of off-site facilities, including repayment of loans obtained for the installation of off-site facilities that will benefit the entire water system.

(I) Off-Site Hook-up Fee in Addition to On-site Facilities: The off-site hook-up fee shall be in addition to any costs associated with the construction of on-site facilities under a Main Extension Agreement.

(J) Disposition of Excess Funds: After all necessary and desirable off-site facilities are constructed utilizing funds collected pursuant to the off-site hook-up fees, or if the off-site hook-up fee has been terminated by order of the Arizona Corporation Commission, any funds remaining in the trust shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.

(K) Fire Flow Requirements: In the event the applicant for service has fire flow requirements that require additional facilities beyond those facilities whose costs were included in the off-site hook-up fee, and which are contemplated to be constructed using the proceeds of the off-site hook-up Fee, the Company may require the applicant to install such additional facilities as are required to meet those additional fire flow requirements, as a non-refundable contribution, in addition to the off-site hook-up fee.

(L) Status Reporting Requirements to the Commission: The Company shall submit a calendar year Off-Site Hook-Up Fee status report each January 31st to Docket Control for the prior twelve (12) month period, beginning January 31, 2010, until the hook-up fee tariff is no longer in effect. This status report shall contain a list of all customers that have paid the hook-up fee tariff, the amount each has paid, the amount of money spent from the account, the amount of interest earned on the tariff account, and a list of all facilities that have been installed with the tariff funds during the 12 month period.

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